

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet Member for Finance and Reform

Date: 05/06/2022

Subject: Network and telephony procurement strategy and contract award

Report author: David Wadham, Senior project manager, Digital services

Responsible Director: David Tatlow, Director of Corporate Resources

SUMMARY

On 3rd November 2015, RBKC awarded a pan-London single supplier framework contract for Information Technology and Communications Services to BT (British Telecommunications plc). The framework is based on a service catalogue from which it is possible to call-off a full managed service, individual commodity items, or any service in between. H&F awarded a call off agreement from this framework on 11 March 2016 for 'Information and Communication Services'.

This call off contract has a four-year term, plus a three year extension provision which comes to an end 31 October 2023. The technology and services supplied by the contract are essential for the operation of H&F's services and are still required. This paper recommends that replacement network and telephony services are procured via the 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership and awarded to BT Enterprise.

This proposal is supported by the Chief digital officer.

RECOMMENDATIONS

1. To agree that Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
 2. To approve the procurement strategy to use *Lot 9 - IT Managed Service, Complete IM&T Managed Services Provision* from the 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership to make a direct award.
 3. To approve the direct award of a contract to BT Enterprise to supply like for like replacement of existing network and telephony services. The overall cost of these services over the initial 3 years term will be £3,818,181.
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Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The new LPP framework catalogue pricing is lower than the existing framework pricing. Some items which the council consume in high numbers,

	such as telephone lines, are around 20% cheaper. This saving will allow H&F to direct spending to other areas and benefit H&F residents.
Doing things with local residents, not to them	The network and telephony services which will be procured include the phone lines which residents use to interact with the council and the internet lines which allow H&F to operate buildings which residents visit for face to face meetings with H&F staff. These services enable H&F to reach and work with local residents.
Being ruthlessly financially efficient	The 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership contains many catalogue items plus the option to order bespoke equipment and services. This breadth of options enables H&F to select the best value for money technology that will satisfy our continued requirement for network and telephony services.
Taking pride in H&F	The network infrastructure and services that the procurement will deliver provides the foundation upon which almost all other H&F systems and services operate. Having this underlying supporting system in place allows H&F departments to tailor their services for residents in a way that council officers and residents can be proud of.
Rising to the challenge of the climate and ecological emergency	The LPP framework allows H&F to procure like for like technologies which prevent the need for unnecessary replacement of equipment or installations works and the waste that entails. The updated catalogue of items and ad hoc ordering options also allows new, more efficient, items to be procured where this is in the best interests of H&F.

Financial Impact

1. The award of a contract to BT Enterprise to supply like for like replacement of existing network and telephony services, excluding Netcall which is being approved separately, is estimated to cost £3.819m over the 3-year term at £1.273m per annum.
2. The total annual costs of £1.273m are shared by Digital Services (£1.053m) and the remainder of £0.22m is funded directly by services. There was no contractual inflationary allowance allocated to these budgets for 2023/24 (this was effectively an efficiency saving of 5% or £63k).

3. The revised annual cost of the contract of £1.273m is estimated to be £125k lower than the existing framework contracts after retaining a small contingency of £80k for potentially unforeseen costs.
4. The saving £125k will be reflected as a saving for Digital Services as part of the MTFS for 2024/25.

Alex Pygram, Head of Finance, Corporate Services, 31st May 2023

Verified by Sukvinder Kalsi, Director of Finance, 31st May 2023

Legal Implications

The Council has the power to purchase these services as they are essential to carry out its functions.

This report is for approval both of the procurement strategy (the use of the London Procurement Partnership Information Management and Technology Framework) and the award of the contract to BT in accordance with the strategy.

The proposed contract is a public services contract under the Public Contracts Regulations 2015 (PCR). The requirements for advertising and competition in those regulations must therefore be complied with. The Information Management and Technology framework was procured in accordance with the PCR. The Council is permitted to award contracts under the terms of the framework.

The terms of the framework allows for direct awards. For the lot under which services are being awarded, Lot 9 - IT Managed Service, Complete IM&T Managed Services Provision, BT is the highest ranked supplier of those which would be able to undertake the work. The Council is therefore able to make a direct award without further competition.

This is a high value contract for the purposes of the Council's Contract Standing Orders. The use of a suitable third party framework is a compliant method of procurement under CSO 18 provided the award is in accordance with the terms of the framework. The Council is following the terms of the framework agreement in proposing to award the contract to BT. The terms of the contract documents are set by the framework but they will be adapted to meet the Council's requirements.

The terms of the framework do not contain any provision for the council to require the delivery of social value.

The award of this contract will be a key decision under the Council's constitution and will need to be included in the key decision list on the Council's website.

*John Sharland, Senior solicitor (Contracts and procurement)
Dated 24 February 2023*

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Option 1: Do nothing
In this option the existing contract with BT for Information Technology and Communications Services is allowed to expire without being replaced. This would result in all network connectivity

to and between H&F buildings to cease, including no Internet access from any site. Access from H&F buildings to core systems such as email and line of business systems would be lost. H&F staff would need to transition to paper based processes when dealing with residents. This option would cause huge disruption and endanger the delivery of critical services to residents. This option is **not recommended**.

2. Option 2: Procure individual contracts for different components

This option would see individual contracts procured for the different elements of network and telephony H&F require. For example, the broadband links used at the council's remote sites would be procured separately (potentially from a different supplier) to the phone lines used by H&F. This would allow procurements to focus on a restricted and focused set of requirements and find the best supplier in each case. However, it is unlikely to save the council money overall as the economies of scale would be lost. It would also result in the proliferation of contracts and lead to an unnecessary overhead for contract management and procurement activities. This option would not produce the best overall value for money. This option is **not recommended**.

3. Option 3: Procure all services from the 'Information Management & Technology (IM&T)' framework

The 'Information Management & Technology (IM&T)' framework is made up of nine individual lots. *Lot 9 - IT Managed Service, Complete IM&T Managed Services Provision* allows for a combination of products and services to be procured as a complete solution. This mirrors the capabilities of the existing network and telephony contract through which H&F currently draws its services. All existing services could be replaced with no disruption, ensuring continuity of services to residents, as well as enabling savings.

This option is **recommended**.

Reasons for Decision

4. The recommended 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership offers the best value for money for the council as existing essential services are available at a lower cost than the current contact.
5. The 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership is an NHS framework available for use by local councils. It has multiple lots including the recommended *Lot 9 - IT Managed Service, Complete IM&T Managed Services Provision* which allows H&F to procure both the technology products required as well as the 'Managed Service' elements. The 'Managed Service' components include service reports and detailed billing which allow H&F to ensure reliability and value for money.
6. Other frameworks are available which offer network and telephony products, for example the Crown Commercial Service 'Network Services 2' framework. However, while this framework offers 13 different lots carrying a variety of products it does not offer a combined managed services lot which is what H&F require to best satisfy the procurement requirements, i.e. continuity of existing services.
7. The proposal to procure the same suite of technology products ensures continuity for our underlying network and telephony services with reduced risk of disruption to the council's public-facing services. *Lot 9 - IT Managed Service, Complete IM&T Managed Services Provision* allows for a direct award to the most suitable supplier and selecting existing supplier BT Enterprise guarantees continuity of service.
8. The LPP framework includes the option to increase or decrease volumes of catalogue items, and also procure additional 'ad hoc' services and products. This replicates what is possible through the existing framework and an average monthly cost for bespoke 'Non-baseline (CRs) one offs' services we require is included in the costing forecast in Appendix A. It is expected that additional 'ad hoc' items and services will be called off from the framework throughout the life of

the contract if these items stay within the operational budget.

9. The Civic Campus programme has necessitated large scale changes to the network infrastructure throughout the lifecycle of that work. H&F have other large programmes of work to replace server infrastructure hosting and end user computing which also entail a lot of change on similar timelines. Stability and continuity of network and telephony services is required in order to make these programmes of work a success. The proposal to use the IM&T framework offers that stability and continuity.
10. Additionally, the IM&T framework offers flexibility with regards to the services used and volumes can be both increased and decreased. This allows for future strategic changes to the network and telephony landscape to be delivered during the term of the contract. The proposal will allow for H&F to continuously improve the technology services it offers staff and residents.
11. Prices quoted under the proposed framework agreement are fixed for its duration. Similarly, there is no indexation clause in the pricing schedule of the call-off agreement. This will also be the position for any extension.
12. Although the IM&T framework does not contain any provision for the council to require the delivery of social value, BT Enterprise have provided evidence where they deliver social value for H&F. For example, through employing 90 H&F residents and generating a total of £80 million Gross Value Added impact. For full definitions of the methodology behind these figures please see the full report in Appendix B.

Equality Implications

13. An Equality Impact Assessment has been completed using the guidance template. The recommendations of this report do not result in any functional or process changes that will affect staff or residents. There are no specific actions arising from the assessment.

David Wadham, Senior Project Manager, 31 May 2023

Verified by Veronica Barella, Chief digital officer, 1st June 2023

Risk Management Implications

14. The report recommends calling off a contract from a competitively procured framework which is in line with the objective of being ruthlessly financially efficient. The contract is required as it will provide network and telephony services which are essential for the operation of H&F's services to residents.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 25 March 2023

Climate and Ecological Emergency Implications

15. The recommendations of this paper are to procure network and telephony services which are the same as H&F currently use. No new or replacement hardware is required. Renewing these services and reusing existing kit has a modest positive impact on the response to the climate and ecological emergency by avoiding the need to undertake the deliveries, installation work and the replacement of existing kit which would be needed if different products were procured.
16. The network and telephony products being procured support the existing architecture of H&F's technology services which enable H&F staff to work from home. Homeworking reduces the need for H&F office space and reduces the travel needs of staff. Both of these factors have positive impact on the response to the climate and ecological emergency.

Approved by Hinesh Mehta, Head of Climate Change, 25/05/2023

Procurement implications

17. This is a call-off from a framework. The audit trail relating to the call off from the framework, the signed contract and governance documents must be uploaded on to capitalEsourcing system.

Waheeda Soomro, Commercial Manager 03 May 2023

Local Economy and Social Value

19. The terms of the framework do not contain any provision for the council to require the delivery of social value.

Implications completed by Oliur Rahman, Head of Employment and Skills, 4th April 2023

DIGITAL SERVICES & INFORMATION MANAGEMENT IMPLICATIONS

20. Digital Services supports the recommendations highlighted in this report to replace the existing Network and Telephony services with like for like technology procured from BT Enterprise via the 'Information Management & Technology (IM&T)' framework offered by the London Procurement Partnership.
21. IM implications: if not already in place, a Data Privacy Impact Assessment (DPIA) should be carried out to ensure that all the potential data protection risks around the Network and Telephony services are properly assessed with mitigating actions agreed and implemented.
22. In addition, if not already in place, a (Cloud) Supplier Security Questionnaire(s) should be completed, to ensure that all the potential data protection and information security risks around the Network and Telephony services are properly assessed with mitigating actions agreed and implemented.
23. Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with UK Data Protection law.
24. BT Enterprise will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

Implications verified/completed by: Pierre Rogier, Strategic Relationship Manager, Digital services, tel 07391 734087

Consultation

25. No consultation has taken place during the preparation of this report.

LIST OF APPENDICES

Appendix A – Exempt information: cost comparison

Appendix B – BT Group Economic Impact Report

This appendix details the economic impact of BT's operations. Although the IM&T framework does not contain any provisions which require the delivery of social value this report provides evidence of where they deliver social value for H&F.

Appendix C – Equalities Impact Assessment